



Agenda Date: 3/16/06  
Agenda Item: 1A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**CLEAN ENERGY**

IN THE MATTER OF THE  
VOLUNTARY CLEAN POWER  
CHOICE PROGRAM

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Order  
Accepting Cost Estimates  
for Deferred Accounting Treatment

DOCKET NO. EO0501001

(SERVICE LIST ATTACHED)

BY THE BOARD:

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49, et. seq. (EDECA or the Act) was signed into law. On January 28, 2003, Governor James E. McGreevey established the Renewable Energy Task Force by Executive Order. The Task Force was charged with advising the Governor and the Board of Public Utilities (BPU) on how to strengthen New Jersey's Renewable Portfolio Standard (RPS) for Class 1 renewable energy.

By Order Dated April 13, 2005, in the above-captioned matter the Board adopted a Final Approved Program for the Voluntary Clean Power Choice Program ("VCPC" or "Program") to promote and advance renewable energy in New Jersey consistent with the Board's policies. In that Order, the Board directed the Office of Clean Energy to elicit detailed estimates of baseline program implementation costs within 60 days of that Order and to track these costs quarterly as part of New Jersey's Clean Energy Program reporting. The Order also set forth a two-step process for the recovery of expenses. The first step authorizes "reasonable, prudent and incremental expenses" as incurred by Electric Distribution Companies ("EDCs") and gas utilities, consistent with Board Staff guidance, to be deemed eligible for deferred accounting treatment. The second step requires Board review and approval of those expenses, after which they may be recovered through the Demand Side Management Clean Energy Societal Benefits Charge. The Demand Side Management Societal Benefit Charges are now called New Jersey's Clean Energy Program Fund. The Program was assigned an October 1, 2005 launch date. However, the Order also set forth a process by which an EDC might request a waiver from the Board for a

revised Program launch date, provided it can demonstrate appropriate justification for such relief.

The Board approved PSE&G's and JCP&L's cost estimates for deferred accounting, and allowed the program to commence on October 1, 2005. The Board also approved requests for waivers of the October 1, 2005 launch date from Rockland Electric Company ("RECO") and Atlantic City Electric ("ACE"), pending further analysis of the submitted cost estimates. This further analysis has lead Staff to conclude that the RECO's and ACE's revised cost estimates are in line with necessary system upgrades to allow for consolidated billing and a program launch by April 1, 2006.

## DISCUSSION

As stated above, two of the utilities submitting VCPC cost estimates, RECO and ACE, also requested start date waivers. In support of these requests, RECO cited the need to alter its Customer Information Management Systems ("CIMS"), Retail Access Information System ("RAIS"), and Electronic Data Interchange System ("EDI"), while ACE cited the need to alter its billing systems and complete EDI testing protocols. Each utility also set forth a detailed explanation as to why necessary changes could not be made in time to ensure compliance with the October 1, 2005 launch date.

Upon review of the initial cost estimate of \$2,376,000 for baseline program implementation submitted by ACE, the OCE found these costs to be above expectations but plausible, given the complexity of operations spanning multiple states, and the older CIMS and billing systems in use. OCE requested additional detail from ACE and retained a private EDI consultant, George M. Behr, to review these estimates for reasonableness. After further review of necessary system upgrades, ACE submitted a revised cost estimate of \$1,769,120, which was found by the consultant to be in line with the necessary system upgrades. Staff thus recommends that the Board accept ACE's revised cost estimate of \$1,769,120 as reasonable and eligible for deferred accounting.

Upon review of the initial cost estimate of \$1,315,208 for baseline program implementation submitted by RECO, the Office of Clean Energy ("OCE") also determined these costs to be above expectations but plausible, given the complexity of operations spanning multiple states, and the older CIMS and billing systems in use. OCE again requested additional detail to permit further review by the EDI consultant. Upon review of the necessary system upgrades of RECO's billing system, the consultant found the original cost projections to be reasonable. Upon review of the necessary system upgrades, RECO has submitted a revised cost estimate of \$1,037,000.00 which is lower than its original cost estimate. Staff therefore recommends that the Board accept RECO's revised cost estimate of \$1,037,000.00, as reasonable and eligible for deferred accounting.

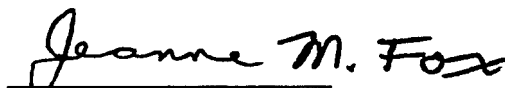
## FINDINGS AND CONCLUSIONS

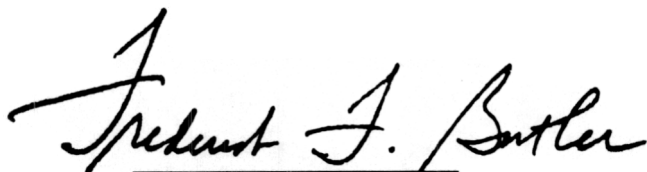
Staff recommends that the revised cost estimates submitted by RECO and ACE for the launch of the Clean Power Choice Program, with a revised Program launch date of April 1, 2006, be deemed eligible for deferred accounting treatment. The Board also

HEREBY ADOPTS Staff's recommendation that the submitted and attached cost estimates be deemed eligible for deferred accounting treatment, subject to modification, if necessary, and subject to further review in a future rate related proceeding. The Board also DIRECTS Staff to confer with any utilities administering the VCPC to review the aforementioned cost estimates and to quantify, *inter alia*, the extent to which the expenditures result in benefits to ratepayers outside the State of New Jersey. The Board HEREBY DIRECTS ACE and RECO to submit actual costs for baseline program implementation within 60 days of this Order and then on a quarterly basis thereafter along with all participating EDCs.

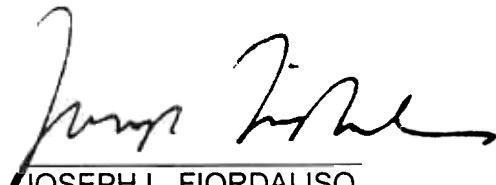
DATED: 4/6/06


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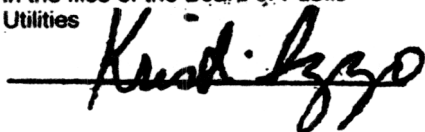
  
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ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
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